

Financial *Status Report*

July 31, 2018

This report summarizes the City of Carlsbad's General Fund revenues and expenditures for July 2018. It compares revenues and expenditures for the first month of Fiscal Year 2018-19 and Fiscal Year 2017-18. In addition, the financial status of the Water and Wastewater Enterprises are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles.

San Diego County Economic Indicators

Carlsbad's revenue trends appear to mirror the San Diego region in general. Therefore, on a monthly basis, this report will provide the most recent economic data for the area: The San Diego County Economic Indicators. We believe this information provides the reader with some insight on the direction of the local economy.

May 2018



Local Stock Prices



Index of Leading Economic Indicators



Building Permits



Unemployment Insurance

Local Consumer Confidence



Help Wanted Advertising



National Economy

University of San Diego Index of Leading Economic Indicators Report:

The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County fell 0.2 percent in May. The biggest contributor to the drop was a big decrease in online help wanted advertising. Initial claims for unemployment insurance were also moderately negative while there was a small decline in residential units authorized by building permits. On the positive side, local stock prices were up moderately, but consumer confidence and the outlook for the national economy were up only slightly. Although the number of components up and those down were even at three apiece, the negatives outweighed the positives to push the USD Index to its second straight loss.

As was mentioned in last month's report, economists usually look for three moves in the same direction for a leading index to indicate a turning point in the economy. This hasn't happened yet, so the outlook for the local economy remains positive for now. But any number of things could adversely affect San Diego's economy, including rising gas prices, rising interest rates, high housing prices making it difficult for companies to attract and retain workers, a trade war leading to barriers against San Diego companies, local government budget problems, increased taxes on some San Diegans due to the 2017 tax reforms, and turmoil in the health care markets as elements of the Affordable Care Act are eliminated. Each of these will have a negative impact on the local economy; whether collectively they are enough to derail the strong growth that has been experienced remains to be seen.

Residential units authorized by building permits dropped for the third month in a row, although May's decrease was the smallest of the three. The number of residential units authorized was actually the best of the year, but after the seasonal adjustment and the smoothing with a moving average, the trend remains negative. Both labor market variables were down during the month. Initial claims for unemployment insurance rose for the first time in nine months, which is a negative for the Index. This happened even though May is the third best month of the year for initial claims. On the hiring front, help wanted advertising fell for a second consecutive month. The negative news has not been reflected in the local seasonally adjusted unemployment rate, which was 3.1 percent in May. That is the same as the rate in April and down from 3.7 percent in May 2017. As was the case in April, the actual unemployment rate was below 3.0 percent at 2.9 percent, but since May is the second best month of the year for the unemployment rate (first is December), the seasonal adjustment pushed the rate to 3.1 percent. Local stock prices continued their roller coaster ride, rising in May after having fallen in February, risen in March, and fallen in April. Consumer confidence continues to chug along, rising for the 23rd month in a row. For the second straight month, the national Index of Leading Economic Indicators diverged from the local one. It has now increased or been unchanged for 21 consecutive months. The national labor market continues in full employment territory, with the unemployment rate at 3.8 percent and 223,000 jobs created in May. GDP growth continues to be sluggish, with the third and final estimate of growth for the first quarter coming in at 2.0 percent, which was down from the "advance" and second estimates of 2.3 percent and 2.2 percent respectively, and from 2.9 percent in the fourth quarter of 2017.¹

General Fund Revenues



Property Taxes (\$0) – The majority of property tax revenue is collected in December and April each year. No property tax revenue was collected in the month of July 2018, which is consistent with previous fiscal years. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 5.38 percent for Fiscal Year 2018-19. This is the sixth year in a row that Carlsbad's assessed values have increased from year to year, and in line

¹ University of San Diego School of Business Administration, *USD Index of Leading Economic Indicators Down in May*, June 28, 2018.

with assessed value increases with other cities in San Diego County for the year. This reflects continued improvement in the housing market and new construction. The increase in this year's assessed values was due to a large increase in the assessed values of residential properties in the city; the city saw smaller increases in commercial and industrial property values for the year. This is the fourth year in a row since, the Great Recession ended, that the city saw increases in assessed values in all three property components (residential, commercial and industrial).



Sales Taxes (\$2.6 million) – For the first month of the new fiscal year, sales tax revenues are \$417,000 (or 19 percent) higher than the same time period in the previous fiscal year. Sales tax revenues for the year represent the second advance of two advances of the city's second calendar quarter of 2018 sales tax revenues and a portion of the second calendar quarter clean-up payment. The large increase for the month of July is the result of a timing difference as the partial clean-up payment received in July 2018 was expected to be received in

August 2018.

For sales occurring in the fourth calendar quarter of 2017 (the most recent data available), key gains were seen in restaurants, apparel stores, furniture/appliance, heavy industry, and department stores. During the same period, key declines were seen in leasing, miscellaneous retail, miscellaneous other, and office equipment. The largest economic segments in the city continue to be new auto sales, restaurants, apparel stores, department stores and miscellaneous retail. Together, they generate 68 percent of the city's sales tax revenues.



Transient Occupancy Tax (\$2.8 million) – The city's third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$25.4 million for the current fiscal year. A tax of 10 percent of the rent amount is collected on all occupancies less than 30 days (transient) in duration. TOT collected for the first month of the new fiscal year reflects an increase of \$521,000, 23 percent more than the previous year. Higher room

rates and occupancy accounted for a portion of positive variance. In addition, LEGOLAND opened a second hotel consisting of 250 rooms which was fully opened in June 2018. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of June 2018.

Currently, there are 4,623 hotel rooms, 668 timeshares and 238 registered short-term vacation rentals. The average occupancy of hotel rooms over the most recent 12 months has been 73 percent, two percentage points higher than last year's average at this time.



Recreation Fees (\$679,000) – Recreation fees are generated through instructional classes, camps, youth and adult sports, special events, parent participation preschool, senior programs, and various aquatic programs. Recreation revenues are up by 13 percent compared to July 2017. This growth is primarily due to increased participation in summer instructional programs.



Income from Investments and Property (\$462,000) – For the first month of the fiscal year, income from investments and property is up \$120,000 compared to the previous fiscal year.

Interest income is up \$62,000 for the year due to the combination of a 5.4 percent increase in the average daily cash balance combined with a 30.8 percent increase in the average yield on the portfolio for the year (an increase in the yield from 1.412 percent last fiscal year to 1.847 percent in the current fiscal year).

Income from property sales and rentals is up by \$58,000 for the year, primarily due an increase in facility and pool lane rentals. Higher facility rentals were derived from new rental sites such as Shorehouse Kitchen and Pine Avenue Recreation Center, and increased revenues at other city facilities.



Franchise Taxes (\$411,000) – Franchise taxes are generated from public utility sources, such as San Diego Gas & Electric (SDG&E), trash collection franchises, fiber optic antenna systems and cable franchises conducting business within city limits. Franchise tax revenue is estimated at \$5.3 million for the current fiscal year. Year-to-date franchise taxes are \$25,000 lower than the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down by \$17,000 due to a decrease in the number of paid subscription services (premium video, equipment rental, on-demand, and programming services). An increase in trash collection revenue of \$21,000 is due to more commercial and residential accounts coming online from new development activity within the city. Additionally, revenue for the fiber optic antennae system is down \$29,000 due to a re-negotiation of the lease resulting in a delay of the monthly payments.

Approximately 44 percent of the total franchise tax revenue anticipated for the year will be collected from SDG&E during the month of April 2019.



Interdepartmental Charges (\$389,000) – Interdepartmental charges are \$150,000, or 63 percent, higher than last year. These charges are generated through engineering services charged to capital projects (up 36 percent, or \$27,000, due to the filling of staffing vacancies from last fiscal year at this time); reimbursed work from other funds (flat); and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by

departments within the General Fund (up 74 percent, or \$123,000), the result of charging utility enterprises through miscellaneous interdepartmental charges this year versus a direct reduction in Finance department expenditures.



Business License Tax (\$358,000) – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$5.2 million for the current fiscal year. Business license revenues are up \$140,000, or 64 percent, higher than the previous fiscal year. This is primarily due to a significant number of delinquent payments being made as well as a timing difference on a large business license renewal.

There are currently 9,922 licensed businesses operating within the city, 790 less than the prior year. The majority of taxed businesses (6,684 businesses) are located in Carlsbad, with 2,463 of these businesses home-based.



Development Related Revenues (\$345,000) – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a slight decrease for the first month of the new fiscal year.

Development related fees are paid by developers to cover the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Some of the activity in July included development at the Yada Family Farm Subdivision, the Beach Village Life mixed-use project, the West Coast Self Storage facility, the La Costa Town Square Theater, the Poinsettia 61 residential project, the Grand Pacific Palisades Resort expansion, and the Walnut Beach Homes project.

One source of development related revenue is building permits, which are down 46 percent compared to last fiscal year. The decrease in building permit revenue is derived from the combination of a decrease in the valuation of new construction and a decrease in residential permitting activity to date. The year-to-date valuation of new construction in the current fiscal year is \$10.5 million, while it was \$45.7 million in the previous fiscal year, a 77.1 percent decrease. In July, Carlsbad issued building permits for seven residential dwelling units, a decrease from the 17 dwelling units permitted in June. In the northwest quadrant, two building permits were issued for second-dwelling units. Four building permits were issued for single-family detached homes as part of Highland View Homes and one permit was issued for a single-family detached home, also within the northwest quadrant. For the current fiscal year, seven residential permits have been issued, as compared to 32 residential permits issued during the same period last year.

During the month of July, no permits for commercial and industrial space were issued. Year-to-date, there has been zero square feet of commercial/industrial permits issued, identical to the amount of square feet of commercial/industrial permits issued during the same period last year.



Ambulance Fees (\$171,000) – The city bills any individual who is transported in one of the city’s ambulances. Through July 2018, receipts from ambulance fees are down \$69,000, or 29 percent, compared to last fiscal year. Most of the decrease is due to an increase in the number of write-downs due to more Medicare and Medi-Cal transports as compared to private insurance transports. The number of billable transported patients for the first month of Fiscal Year

2018-19 (384) versus Fiscal Year 2017-18 (395) has decreased by 2.8 percent.



Other Revenue Sources (\$84,000) – Other revenue sources have increased by \$10,000 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, rights-of-way, and other city-owned property; donations; reimbursement from the Gas Tax Fund for traffic signal maintenance; and miscellaneous reimbursed expenses and refunds of prior year fees. The increase

to date represents a decrease in prior year fee refunds.



Other Licenses and Permits (\$80,000) – Other licenses and permits consist of fire protection services, right-of-way, lagoon, grading, hazardous uses, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity



Fines and Forfeitures (\$50,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. The decrease to date is due to a drop in revenues derived from moving violations and miscellaneous fines.



Other Intergovernmental Revenues (\$29,000) – Other intergovernmental revenues include miscellaneous receipts received from the state or federal governments, as well as local school districts. Included in the \$29,000 received this year are a couple of Police grants, a Fire Training Reimbursement Program, and a grant for CERT hats.



Other Charges or Fees (\$28,000) – Other charges or fees are generated through the sale of city documents, such as staff reports, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; audio/visual rental fees; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc.

Expenditures

Total General Fund expenditures and encumbrances through the month of July 2018 are \$33.4 million, compared to \$33.2 million at the same time last year. This leaves \$146.1 million, or 81.4 percent, available through the fiscal year ending June 30, 2019. If funds were spent in the same proportion as the previous year, the General Fund would have 80.4 percent available. Excluding the transfers out, contingencies, and non-departmental charges, the percentage available at July 31, 2018 is 77.7 percent, moderately lower than the 85.3 percent available at July 31, 2017.

The adopted General Fund budget for Fiscal Year 2018-19 increased by \$10.1 million due to the following factors:

- Increased personnel costs:
 - \$1.8 million in additional salary costs associated with previously negotiated wage increases as well as the net addition of 3.0 full-time staff (which includes a transfer of 5.0 full-time staff to the Information Technology Internal Service Fund, and the addition of a Parks Superintendent, a Facility Specialist for the Safety Training Center, a Traffic Engineer, an increase of four sworn police positions, two Police Rangers, the addition of a Smart City Innovator position, and the elimination of two Park Maintenance Workers), a decrease of 3.0 limited-term positions from Community and Economic Development, and an increase of 3.28 part-time staff
 - \$400,000 in additional retirement costs due to PERS rate increases and higher salaries
 - Increased workers' compensation rates of \$300,000
 - Increased health insurance rates
- Increased maintenance and operations costs (increase of \$6.8 million):
 - General inflationary adjustments of 2.5 percent
 - Inflationary adjustments partially offset by one-time expenditures from the previous fiscal year
 - General increases in internal service charges
 - A change made in the accounting for billing services provided by the Finance department for the city's Enterprises
 - Increases for tuition reimbursement and citywide training/development, staff development and succession planning consulting services, costs associated with the implementation of the Cultural Arts Master Plan, operating costs associated with new park facilities, a new Pest Management Plan, and additional traffic signal maintenance costs
- Increased capital outlay costs of \$100,000
- Increased transfers out of the General Fund:
 - Increase of \$700,000 in the annual transfer to the Infrastructure Replacement Fund

Council Contingency

The City Council has allocated \$1.5 million out of the General Fund budget for unanticipated emergencies or unforeseen program needs. As of July 31, 2018, \$5,000 has been authorized out of the contingency account as shown in the chart below.

CONTINGENCY ACCOUNT USE OF FUNDS			
EXPLANATION	AMOUNT	DATE	RESOLUTION NUMBER
ADOPTED BUDGET	\$1,500,000		
USES:			
Special Events Grant for the National Drive Electric Week	<u>(5,000)</u>	01/23/2018	City Manager
TOTAL USES	<u>(5,000)</u>		
AVAILABLE BALANCE	<u><u>\$1,495,000</u></u>		

Detailed schedules of General Fund revenues and expenditures are provided on the following pages.

GENERAL FUND REVENUE COMPARISON					
	EXPECTED BUDGET AS OF 07/31/18	ACTUAL FY 2018 AS OF 07/31/17	ACTUAL FY 2019 AS OF 07/31/18	CHANGE FROM YTD 2018 TO YTD 2019	PERCENT CHANGE
TAXES					
PROPERTY TAX	\$0	\$0	\$0	\$0	0%
SALES TAX	2,316,341	2,213,500	2,630,820	417,320	19%
TRANSIENT OCCUPANCY TAX	2,429,740	2,313,876	2,834,636	520,760	23%
FRANCHISE TAX	402,623	436,133	410,923	(25,210)	-6%
BUSINESS LICENSE TAX	227,174	218,550	358,363	139,813	64%
TRANSFER TAX	0	0	0	0	0%
TOTAL TAXES	5,375,879	5,182,059	6,234,742	1,052,683	20%
INTERGOVERNMENTAL					
VEHICLE LICENSE FEES	0	0	0	0	0%
HOMEOWNERS EXEMPTIONS	0	0	0	0	0%
OTHER	3,416	5,590	29,429	23,839	426%
TOTAL INTERGOVERNMENTAL	3,416	5,590	29,429	23,839	426%
LICENSES AND PERMITS					
BUILDING PERMITS	85,119	160,440	86,181	(74,259)	-46%
OTHER LICENSES & PERMITS	70,517	86,662	79,839	(6,823)	-8%
TOTAL LICENSES & PERMITS	155,636	247,102	166,020	(81,082)	-33%
CHARGES FOR SERVICES					
PLANNING FEES	52,291	76,099	78,775	2,676	4%
BUILDING DEPARTMENT FEES	39,540	59,755	93,197	33,442	56%
ENGINEERING FEES	39,392	57,848	86,938	29,090	50%
AMBULANCE FEES	241,300	239,356	170,707	(68,649)	-29%
RECREATION FEES	630,834	603,112	679,369	76,257	13%
OTHER CHARGES OR FEES	11,070	27,296	28,400	1,104	4%
TOTAL CHARGES FOR SERVICES	1,014,427	1,063,466	1,137,386	73,920	7%
FINES AND FORFEITURES	64,537	61,396	49,667	(11,729)	-19%
INCOME FROM INVESTMENTS & PROPERTY	300,020	341,683	461,727	120,044	35%
INTERDEPARTMENTAL CHARGES	356,463	239,469	389,443	149,974	63%
OTHER REVENUE SOURCES	54,961	73,573	83,818	10,245	14%
TRANSFERS IN	542	10,000	10,000	0	0%
TOTAL GENERAL FUND	\$7,325,881	\$7,224,338	\$8,562,232	\$1,337,894	19%
(1)					
(1) Calculated General Fund revenues are 16.9% above estimates as of July 31, 2018.					

**GENERAL FUND
EXPENDITURE STATUS BY DEPARTMENT**

DEPT DESCRIPTION	TOTAL BUDGET FY 2018-19	AS OF 07/31/18		
		AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
POLICY/LEADERSHIP GROUP				
CITY COUNCIL	\$509,210	\$54,350	\$454,860	89.3%
CITY MANAGER	3,144,354	403,696	2,740,658	87.2%
COMMUNITY OUTREACH AND ENGAGEMENT	1,875,741	507,475	1,368,266	72.9%
CITY CLERK AND RECORDS MANAGEMENT	1,201,101	136,911	1,064,190	88.6%
CITY ATTORNEY	1,804,473	131,443	1,673,030	92.7%
CITY TREASURER	226,804	17,949	208,855	92.1%
TOTAL POLICY/LEADERSHIP	8,761,683	1,251,824	7,509,859	85.7%
ADMINISTRATIVE SERVICES				
FINANCE	6,775,391	1,314,776	5,460,615	80.6%
HUMAN RESOURCES	4,933,117	872,784	4,060,333	82.3%
TOTAL INTERNAL SERVICES	11,708,508	2,187,560	9,520,948	81.3%
PUBLIC SAFETY				
POLICE	37,343,439	4,118,425	33,225,014	89.0%
FIRE	23,802,209	2,402,583	21,399,626	89.9%
TOTAL PUBLIC SAFETY	61,145,648	6,521,008	54,624,640	89.3%
COMMUNITY SERVICES				
COMMUNITY AND ECONOMIC DEVELOPMENT	11,607,483	2,327,072	9,280,411	80.0%
HOUSING AND NEIGHBORHOOD SERVICES	1,674,465	305,481	1,368,984	81.8%
LIBRARY AND CULTURAL ARTS	13,363,382	1,244,247	12,119,135	90.7%
PARKS AND RECREATION	19,248,137	2,418,588	16,829,549	87.4%
TOTAL COMMUNITY SERVICES	45,893,467	6,295,388	39,598,079	86.3%
PUBLIC WORKS				
PUBLIC WORKS ADMINISTRATION	1,849,196	131,998	1,717,198	92.9%
ENVIRONMENTAL MANAGEMENT	898,037	153,475	744,562	82.9%
GENERAL SERVICES	10,301,713	2,223,674	8,078,039	78.4%
TRANSPORTATION	8,400,116	1,299,863	7,100,253	84.5%
TOTAL PUBLIC WORKS	21,449,062	3,809,010	17,640,052	82.2%
NON-DEPARTMENTAL & CONTINGENCY				
OTHER NON-DEPARTMENTAL (a)	15,822,610	158,516	15,664,094	99.0%
TRANSFERS OUT	13,203,101	13,203,101	0	0.0%
CONTINGENCY	1,495,000	0	1,495,000	100.0%
TOTAL NON-DEPT & CONTINGENCY	30,520,711	13,361,617	17,159,094	56.2%
TOTAL GENERAL FUND	\$179,479,079	\$33,426,407	\$146,052,672	81.4%

(a) Other non-departmental includes technology innovation, property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

(b) Total committed includes expenditures and encumbrances.

(c) Amount available would be 80.4% if funds were spent in the same proportion as the previous year.

Water Enterprise

WATER OPERATIONS FUND					
JULY 31, 2018					
	BUDGET FY 2018-19	YTD (*) 07/31/2017	YTD (*) 07/31/2018	CHANGE FROM YTD 2017-18 TO YTD 2018-19	PERCENT CHANGE
REVENUES:					
WATER DELIVERY	\$ 41,700,000	\$ 3,600,961	\$ 3,841,088	\$ 240,127	6.7%
INTEREST	286,600	31,665	44,715	13,050	41.2%
MISC. SERVICE CHARGES	302,500	29,685	29,149	(536)	-1.8%
PROPERTY TAXES	3,941,500	0	0	0	0.0%
FINES, FORFEITURES & PENALTIES	263,200	23,609	26,532	2,923	12.4%
OTHER REVENUES	680,000	52,137	42,906	(9,231)	-17.7%
TOTAL OPERATING REVENUE	47,173,800	3,738,057	3,984,390	246,333	6.6%
EXPENSES:					
STAFFING	3,682,973	298,653	302,985	4,332	1.5%
INTERDEPARTMENTAL SERVICES	2,483,079	185,502	206,140	20,638	11.1%
PURCHASED WATER	25,100,000	2,295,927	2,443,085	147,158	6.4%
MWD/CWA FIXED CHARGES	6,160,000	544,339	549,023	4,684	0.9%
OUTSIDE SERVICES/MAINTENANCE	1,466,871	2,670	24,907	22,237	832.8%
DEPRECIATION/REPLACEMENT	3,860,000	325,833	321,667	(4,166)	-1.3%
MISCELLANEOUS EXPENSES	1,062,795	21,898	6,600	(15,298)	-69.9%
CAPITAL OUTLAY	8,912	0	0	0	0.0%
TOTAL OPERATING EXPENSES	43,824,630	3,674,822	3,854,407	179,585	4.9%
OPERATING INCOME/(LOSS)	\$ 3,349,170	\$ 63,235	\$ 129,983	\$ 66,748	105.6%
(*) Adjusted to reflect timing differences for water purchases and depreciation.					

Revenues



- The increase in water delivery revenues is the result of an average 2.5 percent increase in water rates charged to our customers (water sales and delivery charges) that went into effect in January 2018, coupled with a four percent increase in water sales during the first month of the new fiscal year due to less restrictive water usage constraints and drier weather.
- A 12.8 percent increase in the average cash balance combined with a 30.8 percent increase in the yield in the Treasurer's portfolio has led to higher interest earnings.
- The decrease in miscellaneous service charges is primarily due to decreases in new account charges.
- The increase in fines, forfeitures and penalties is due primarily to an increase in late charge revenues.
- The decrease in other revenues is primarily due to a decrease in service installation fees.

Expenses



- For Fiscal year 2018-19, a total of 0.25 full-time positions have been reallocated to other programs from the Water Enterprise to better reflect each programs' workload which has been offset by normal salary increases.
- An updated and a change in the methodology of the cost allocation plan has led to higher interdepartmental charges.
- A 4.3 percent rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) coupled with a two percent increase in the amount of water purchased, represent the primary drivers in this variance.
- Increases in water sampling services have led to higher outside services/maintenance expenses.
- Decreases in meter and parts purchases are the largest factors in the miscellaneous expenses variance.

Wastewater Enterprise

WASTEWATER OPERATIONS FUND JULY 31, 2018					
	BUDGET FY 2018-19	YTD (*) 07/31/2017	YTD (*) 07/31/2018	CHANGE FROM YTD 2017-18 TO YTD 2018-19	PERCENT CHANGE
REVENUES:					
CHARGES FOR CURRENT SERVICES	14,031,500	1,157,487	1,193,081	35,594	3.1%
INTEREST	110,000	14,436	19,795	5,359	37.1%
OTHER REVENUES	294,000	24,054	12,595	(11,459)	-47.6%
TOTAL OPERATING REVENUE	14,435,500	1,195,977	1,225,471	29,494	2.5%
EXPENSES:					
STAFFING	2,433,596	162,843	165,802	2,959	1.8%
INTERDEPARTMENTAL SERVICES	1,248,906	107,654	103,700	(3,954)	-3.7%
ENCINA PLANT SERVICES	3,785,777	295,980	315,481	19,501	6.6%
OUTSIDE SERVICES/MAINTENANCE	697,751	42,065	118	(41,947)	-99.7%
DEPRECIATION/REPLACEMENT	3,680,000	304,167	306,667	2,500	0.8%
MISCELLANEOUS EXPENSES	626,697	3,347	32,122	28,775	859.7%
CAPITAL OUTLAY	0	0	0	0	0.0%
TOTAL OPERATING EXPENSES	12,472,727	916,056	923,890	7,834	0.9%
OPERATING INCOME/LOSS	1,962,773	279,921	301,581	21,660	7.7%

(*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.

Revenues



- Charges for current services are up slightly due to increases in development.
- Cash balances in the fund have increased by 2.4 percent from last year, combined with an increase in the average yield on the portfolio of 30.8 percent, have impacted interest earnings for the year.
- The decrease in other revenues is driven primarily by a timing difference regarding a wastewater billing on the Vista-Carlsbad interceptor.

Expenses



- For Fiscal Year 2018-19, a total of 1.55 full-time positions have been reallocated to the Wastewater Enterprise from other programs to better reflect each programs' workload.
- An updated and a change in the methodology of the cost allocation plan has led to lower interdepartmental charges.
- Encina plant services to date are a combination of actuals and an estimate of the annual Encina expense prorated monthly.
- Outside services/maintenance has decreased due to decreases in smart cover services.
- Increases in miscellaneous expenses are primarily due to increases in heat and light costs.